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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

## OMB APPROVAL

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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: LEDGEWOOD CAPITAL MANAGEMENT, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

92 PORTSMOUTH AVENUE, SUITE 15

(No. and Street)

EXETER

NEW HAMPSHIRE

03833

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ivan Greenstein (603) 773-0025

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

WITHUMSMITH+BROWN, P.C.

(Name - if individual, state last, first, middle name)

ONE SPRING STREET

NEW BRUNSWICK

NEW JERSEY

08901

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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information contained in this form are not required to respond  
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BB 3/1 \*

## OATH OR AFFIRMATION

I, Robert Wofchuck, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LEDGEWOOD CAPITAL MANAGEMENT, LLC, as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

LAWRENCE E. SARROZY, Notary Public  
My Commission Expires March 23, 2010

Signature

PARTNER

Title

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



WithSmith+Brown, PC  
Certified Public Accountants and Consultants

One Spring Street  
New Brunswick, New Jersey 08901 USA  
732 828 1614 . fax 732 828 5156  
www.withum.com

Additional Offices in New Jersey,  
New York, Pennsylvania, Maryland,  
Florida, and Colorado

### Independent Auditors' Report

To the Board of Directors,  
Ledgewood Capital Management, LLC:

We have audited the statement of financial condition of Ledgewood Capital Management, LLC as of December 31, 2009. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Ledgewood Capital Management, LLC as of December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As described in Note 6, in December 2009, the Company notified FINRA of their intent to either sell the Company or cease operations as a broker-dealer. This condition raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A handwritten signature in cursive script that reads "WithSmith+Brown, PC".

February 12, 2010  
New Brunswick, NJ

**Ledgewood Capital Management, LLC**  
**Statement of Financial Condition**  
**December 31, 2009**

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**Assets**

|                          |    |                |
|--------------------------|----|----------------|
| Cash                     | \$ | 2,647          |
| Due from clearing broker |    | 110,058        |
| Prepaid expenses         |    | 4,791          |
| Due from related party   |    | <u>1,855</u>   |
|                          | \$ | <u>119,351</u> |

**Liabilities and Members' Equity**

|                  |    |                |
|------------------|----|----------------|
| Liabilities      |    |                |
| Accounts payable | \$ | 257            |
| Members' equity  |    | <u>119,094</u> |
|                  | \$ | <u>119,351</u> |

The Notes to Financial Statement are an integral part of this statement.

**Ledgewood Capital Management, LLC**  
**Notes to Financial Statement**  
**December 31, 2009**

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**1. Nature of Operations**

Ledgewood Capital Management, LLC (the "Company") was organized in December 1999 in the State of Delaware, and operates as a broker/dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). Its customers are located throughout the United States.

**2. Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Company records proprietary transactions in securities and the related revenue and expenses on a trade-date basis.

**Income Taxes**

In conformity with the Internal Revenue Code and applicable state tax statutes, taxable income or loss of the Company is required to be reported in the tax returns of the members; accordingly, no provision has been made in the accompanying financial statements for any Federal or state taxes. The Company has no uncertain tax positions.

**3. Net Capital Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of the greater of \$50,000 or 6-2/3 percent of aggregate indebtedness. Net capital and aggregate indebtedness change from day to day. At December 31, 2009, the Company had net capital of \$112,448 which exceeded the required net capital of \$50,000 by \$62,448.

**4. Off-Balance-Sheet Risk**

In the normal course of business, the Company's customer activities include the execution and settlement of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

**5. Related Party Transactions**

The Company has an arrangement with Ledgewood Wealth Advisors, LLC ("LWA") and MMR Partner, LLC ("MMR"), entities that are related to the Company through common ownership. Under the terms of this arrangement the Company shares certain employees, services and facilities with LWA and MMR. Additionally, the Company provides certain introductory brokerage services to customers of LWA. LWA and MMR compensate the Company for such services. For the year ended December 31, 2009, LWA and MMR paid the Company \$139,650 for such services. At December 31, 2009 amount due from the LWA was \$1,855.

**Ledgewood Capital Management, LLC**  
**Notes to Financial Statement**  
**December 31, 2009**

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**6. Commitments and Contingencies**

In December 2009, owners of the Company notified FINRA of their intent to either sell the Company or cease operations as a broker-dealer during the first quarter of 2010.

**7. Subsequent Events**

The Company has evaluated subsequent events occurring after the statement of financial condition date through February 12, 2010, which is the date the financial statements were available to be issued. Based on the evaluation, the Company has determined that the following subsequent event required disclosure:

- The owners of the Company entered into a definitive agreement to sell the Company, the specific terms to which have not been finalized.



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### **Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3**

To the Board of Directors,  
Ledgewood Capital Management, LLC:

In planning and performing our audit of the financial statements of Ledgewood Capital Management, LLC (the "Company"), as of and for the year ended December 31, 2009 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

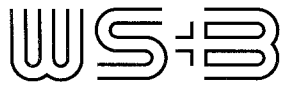
This report recognizes that it is not practicable in an organization the size of Ledgewood Capital Management, LLC, to achieve all the divisions of duties and crosschecks generally included in an internal control environment and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*William Smith + Brown, PC*

February 12, 2010  
New Brunswick, NJ





WithumSmith+Brown, PC  
Certified Public Accountants and Consultants

**Public Report**

# **LEDGEWOOD CAPITAL MANAGEMENT, LLC**

**Statement of Financial Condition**

**December 31, 2009**

**With Independent Auditors' Report**

**and**

**Independent Auditors' Report on Internal Control  
Required by SEC Rule 17a-5 for a Broker-Dealer  
Claiming an Exemption From SEC Rule 15c3-3**